

CLEARY GOTTlieb STEEN & HAMILTON LLP

ONE LIBERTY PLAZA  
NEW YORK, NY 10006-1470  
(212) 225-2000  
FACSIMILE (212) 225-3999  
WWW.CLEARYGOTTLIEB.COM

WASHINGTON, DC • PARIS • BRUSSELS • LONDON • MOSCOW  
FRANKFURT • COLOGNE • ROME • MILAN • HONG KONG  
BEIJING • BUENOS AIRES • SÃO PAULO • ABU DHABI • SEOUL

LAURENT ALPERT  
VICTOR I LEWKOW  
LESLIE W SILVERMAN  
ROBERT L TORTORIELLO  
LEE C BUCHHEIT  
JAMES M PEASLEE  
ALAN L BELLER  
THOMAS J MCLOONEY  
JONATHAN I BLACKMAN  
MICHAEL L RYAN  
ROBERT P DAVIS  
YARON Z REICH  
RICHARD S LINGER  
JAME A EL KOJRY  
STEVEN G HOROWITZ  
JAMES A DUNCAN  
STEVEN M LOEB  
CRAIG B BRIG  
MITCHELL A LOWENTHAL  
EDWARD J ROSEN  
LAWRENCE B FRIEDMAN  
NICOLAS GRABAR  
CHRISTOPHER E AUSTIN  
SETH GROSSHANDLER  
WILLIAM A GROLL  
HOWARD S ZELBO  
DAVID E BRODSKY  
MICHAEL R LAZERWITZ  
ARTHUR H KOHN  
RICHARD J COOPER  
JEFFREY S LEWIS  
FILIP MOERMAN  
PAUL J SHIM  
STEVEN L WILNER  
ERIKA W NIJENHUIS  
LINDSEE P GRANFIELD  
ANDRES DE LA CRUZ  
DAVID C LOPEZ

CARMEN A CORRALES  
JAMES L BROMLEY  
MICHAELA GERSTENZANG  
LEWIS J LIMAN  
LEV L DASSIN  
NEIL G WHORISKY  
JORGE U JUANTORENA  
MICHAEL D WENNERGER  
DAVID LEINWAND  
JEFFREY A ROSENTHAL  
EFTAN A KLINGSBERG  
MICHAEL J VOLKOVITSCH  
MICHAEL D DAYAN  
CARMINE D BOGLUZZI JR  
JEFFREY D KARFF  
KIMBERLY BROWN BLACKLOW  
ROBERT J RAYMOND  
LEONARD C JACOBY  
SANDRA L FLOW  
FRANCISCO L CESTERO  
FRANCESCA L ODELL  
WILLIAM L MCRAE  
JASON FACTOR  
MARGARET S PEPOINIS  
LISA M SCHWEITZER  
JUAN G GIRALDEZ  
DIANE MCLAUGHLIN  
BREON S PEACE  
MEREDITH E KOTLEN  
CHIANTAL F KORDULA  
BENET J OREILLY  
DAVID AMAN  
ADAM E FLEISHER  
SEAN A O'NEAL  
GLENN P MCGORRY  
MATTHEW P SALERNO  
MICHAEL J ALBANO  
VICTOR L HOU

ROGER A COOPER  
AMY R SHAPIRO  
JENNIFER KENNEDY PARK  
ELIZABETH LENAS  
LUKE A BAREFOOT  
PAMELA L MARCOGLIESE  
PAUL M TIGER  
JONATHAN S KOLODNER  
RESIDENT PARTNERS

SANDRA M ROCKS  
S DOUGLAS BONISKY  
JUDITH KASSEL  
DAVID E WEBB  
PENELOPE L CHRISTOPHOUD  
BOAZ S MORAG  
MARY E ALCOCK  
DAVID H HERRINGTON  
HEIDE H ILLGENFRITZ  
HUGH C CONROY JR  
KATHLEEN M EMBLBERGER  
WALLACE L LARSON JR  
JAMES D SMALL  
AVIRAM E LUFT  
DANIEL ILAN  
ANDREW WEAVER  
HELENA K GRANNIS  
GRANT M BINDER  
MEYER H FELDGA  
CAROLINE F HAYDAY  
JOHN V HARRISON  
RESIDENT COUNSEL

LOUISE M PARENT  
OF COUNSEL

July 27 2014

BY EMAIL AND ECF

Honorable Thomas P. Griesa  
United States District Court for  
the Southern District of New York  
500 Pearl Street  
New York, New York 10007

Re: NML Capital, Ltd. v. Republic of Argentina, Nos. 08 Civ. 6978 (TPG),  
09 Civ. 1707 (TPG) and 09 Civ. 1708 (TPG); and related cases

Dear Judge Griesa:

I write in response to plaintiffs’ letter of July 23, 2014 and to further address Your Honor’s question at the July 22 conference about the amount of U.S. dollar-denominated Argentine law bonds (“Argentine Law Dollar Bonds”) for which Citibank N.A.’s (“Citibank”) Argentine branch acts as bondholder custodian.

While, as plaintiffs report, there is approximately \$8.4 billion in principal amount of Argentine Law Dollar Bonds outstanding, the vast majority of that amount, i.e., \$6.1 billion, is comprised of indistinguishable, fungible bonds *not issued pursuant to the Republic’s Exchange Offers*, including, as Citibank notes in its July 23 letter, the \$1.75 billion in principal now outstanding on bonds that were issued as part of the Republic’s settlement with Repsol S.A.<sup>1</sup> *See*

<sup>1</sup> In addition to not being “Exchange Bonds,” these bonds are also not “External Indebtedness” covered by the *pari passu* clause, notwithstanding plaintiffs’ assertion to the contrary. That term excludes from its scope “Domestic Foreign Currency Indebtedness,” which includes securities issued “in a currency other than the lawful currency of the Republic” and “offered exclusively within the Republic of Argentina.” As plaintiffs acknowledge by conceding

Honorable Thomas P. Griesa, p. 2

Citibank July 23, 2014 Letter at 2. Over 72% of the Argentine Law Dollar Bonds targeted by plaintiffs accordingly do not meet the definition of “Exchange Bonds” covered by the Amended February 23, 2012 Orders (“Injunctions”). The result of plaintiffs’ belated request to extend the Injunctions to cover all Argentine Law Dollar Bonds would be the legally groundless and unfair extension of the Injunctions to payments having nothing to do with Exchange Bonds.

Once the bonds not issued pursuant to the Exchange Offers are properly excluded, the total amount of additional bonds that plaintiffs ask the Court to subject to the Injunctions – \$2.3 billion in outstanding principal – represents only 4.8% of the total universe of the approximately \$47.8 billion of Exchange Bonds outstanding (not the 22.5% that plaintiffs claim).<sup>2</sup> As a practical matter, it is therefore clear that the Court did not intend the Injunctions to reach the small amount of Argentine Law Dollar Bonds issued pursuant to the Exchange Offers, while subjecting to hardship the holders of the far greater number of Argentine Law Dollar Bonds having nothing to do with this dispute and not covered by the *pari passu* clause.

As the Court recognized at the July 22 conference, the Argentine Law Dollar Bonds are fundamentally different from the Exchange Bonds subject to the Injunctions.<sup>3</sup> Unlike the latter, the Argentine law bonds are paid in Argentina rather than through the Bank of New York Mellon, were not issued pursuant to the Indenture, dated June 2, 2005, did not submit to U.S. jurisdiction, are situated in Argentina, and until now were never the subject of proceedings before this Court or the subject of its Orders. The problems highlighted here, and in Citibank’s July 23 letter, only further demonstrate why the Court was right to treat them differently in its June 27, 2014 Order and to decline to enlarge the Injunctions to cover them at this late date. The impractical and unfair result of plaintiffs’ demand to expand the Injunctions to capture a small proportion of additional Exchange Bonds would be to treat as collateral damage a larger number of Republic creditors who do not even hold such bonds, without helping to bring about the global resolution that the Court and parties desire.

Respectfully submitted,



Carmine D. Boccuzzi Jr.

cc: Counsel of Record

that the peso-denominated Argentine Law Bonds are not covered by the Injunctions, the Injunctions cannot be extended to bonds that do not constitute External Indebtedness.

<sup>2</sup> To inflate their proportion figure, plaintiffs exclude from the universe of Exchange Bonds peso-denominated bonds issued pursuant to the Republic’s 2005 and 2010 Exchange Offers and calculate a lower “Total Exchange Bonds” amount of \$37.1 billion. Even if plaintiffs’ were correct to omit those bonds, the Argentine Law Dollar Bonds would still represent only 7.4% of all Exchange Bonds (plaintiffs’ \$37.1 billion universe less the \$6.1 billion of Argentine Law Dollar Bonds not issued pursuant to the Exchange Offers).

<sup>3</sup> As Argentina stated in its July 21, 2014 submission, Argentina believes that the Injunctions cannot be properly applied to Exchange Bonds payable entirely outside of the United States to non-U.S. persons, but that is not the subject of this letter.